

LEGISLATURE OF THE STATE OF IDAHO
Sixty-third Legislature Second Regular Session - 2016

IN THE HOUSE OF REPRESENTATIVES

HOUSE BILL NO. 380

BY REVENUE AND TAXATION COMMITTEE

AN ACT

RELATING TO INCOME TAX; AMENDING SECTION 63-3024, IDAHO CODE, TO REDUCE CERTAIN INCOME TAX RATES FOR INDIVIDUALS, TRUSTS AND ESTATES; AMENDING SECTION 63-3024A, IDAHO CODE, TO INCREASE CERTAIN GROCERY TAX CREDITS AND TO REMOVE OBSOLETE LANGUAGE; AMENDING SECTION 63-3025, IDAHO CODE, TO REDUCE THE CORPORATE INCOME TAX RATE; DECLARING AN EMERGENCY AND PROVIDING RETROACTIVE APPLICATION.

Be It Enacted by the Legislature of the State of Idaho:

SECTION 1. That Section 63-3024, Idaho Code, be, and the same is hereby amended to read as follows:

63-3024. INDIVIDUALS' TAX AND TAX ON ESTATES AND TRUSTS. For taxable year 2001, and each taxable year thereafter, a tax measured by Idaho taxable income as defined in this chapter is hereby imposed upon every individual, trust, or estate required by this chapter to file a return.

(a) The tax imposed upon individuals, trusts and estates shall be computed at the following rates:

When Idaho taxable income is:	The rate is:
Less than \$1,000	One and six-tenths percent (1.6%)
\$1,000 but less than \$2,000	\$16, plus three and six-tenths percent (3.6%) of the amount over \$1,000
\$2,000 but less than \$3,000	\$52, plus four and one-tenth percent (4.1%) of the amount over \$2,000
\$3,000 but less than \$4,000	\$93, plus five and one-tenth percent (5.1%) of the amount over \$3,000
\$4,000 but less than \$5,000	\$144, plus six and one-tenth percent (6.1%) of the amount over \$4,000
\$5,000 but less than \$7,500	\$205, plus seven and one-tenth percent (7.1%) of the amount over \$5,000
\$7,500 and over	\$383, plus seven and <u>four</u> three -tenths percent (7.4 <u>3</u> %) of the amount over \$7,500

For taxable year 2000 and each year thereafter, the state tax commission shall prescribe a factor which shall be used to compute the Idaho income tax brackets provided in subsection (a) of this section. The factor shall provide an adjustment to the Idaho tax brackets so that inflation will not result in a tax increase. The Idaho tax brackets shall be adjusted as follows: multiply the bracket amounts by the percentage (the consumer price index for the calendar year immediately preceding the calendar year to which the ad-

justed brackets will apply divided by the consumer price index for calendar year 1998). For the purpose of this computation, the consumer price index for any calendar year is the average of the consumer price index as of the close of the twelve (12) month period for the immediately preceding calendar year, without regard to any subsequent adjustments, as adopted by the state tax commission. This adoption shall be exempt from the provisions of chapter 52, title 67, Idaho Code. The consumer price index shall mean the consumer price index for all U.S. urban consumers published by the United States department of labor. The state tax commission shall annually include the factor as provided in this subsection to multiply against Idaho taxable income in the brackets above to arrive at that year's Idaho taxable income for tax bracket purposes.

(b) In case a joint return is filed by husband and wife pursuant to the provisions of section 63-3031, Idaho Code, the tax imposed by this section shall be twice the tax which would be imposed on one-half (1/2) of the aggregate Idaho taxable income. For the purposes of this section, a return of a surviving spouse, as defined in section 2(a) of the Internal Revenue Code, and a head of household, as defined in section 2(b) of the Internal Revenue Code, shall be treated as a joint return and the tax imposed shall be twice the tax which would be imposed on one-half (1/2) of the Idaho taxable income.

(c) In the case of a trust that is an electing small business trust as defined in section 1361 of the Internal Revenue Code, the special rules for taxation of such trusts contained in section 641 of the Internal Revenue Code shall apply except that the maximum individual rate provided in this section shall apply in computing tax due under this chapter.

(d) The state tax commission shall compute and publish Idaho income tax liability for taxpayers at the midpoint of each bracket of Idaho taxable income in fifty dollar (\$50.00) steps to fifty thousand dollars (\$50,000), rounding such calculations to the nearest dollar. Taxpayers having income within such brackets shall file returns based upon and pay taxes according to the schedule thus established. The state tax commission shall promulgate rules defining the conditions upon which such returns shall be filed.

SECTION 2. That Section 63-3024A, Idaho Code, be, and the same is hereby amended to read as follows:

63-3024A. FOOD TAX CREDITS AND REFUNDS. (1) Any resident individual who is required to file and who has filed an Idaho income tax return shall be allowed a credit against taxes due under the Idaho income tax act for each personal exemption for which a deduction is permitted by section 151(b) and (c) of the Internal Revenue Code, and which is claimed on the taxpayer's Idaho income tax return. ~~The amount of the credit for tax year 2008 shall be as follows:~~

When Idaho taxable income is:	The rate is:
\$1,000 or less	-\$50.00
Over \$1,000	-\$30.00

~~Subject to the limitations provided in subsections (13) and (14) of this section, the credits allowed in this subsection shall be increased by ten~~

~~dollars (\$10.00) in each tax year after tax year 2008 until such time as each credit equals one hundred dollars (\$100)~~

For taxable income which falls within the five (5) lowest taxable income brackets as computed under section 63-3024, Idaho Code, the amount of the credit shall be one hundred ten dollars (\$110), while for taxable income which falls within the two (2) highest taxable income brackets as computed under section 63-3024, Idaho Code, the amount of the credit shall be one hundred dollars (\$100).

If taxes due are less than the total credit allowed, the taxpayer shall be paid a refund equal to the balance of the unused credit.

(2) A resident individual who is not required to file an Idaho income tax return and for whom no credit or refund is allowed under any other subsection of this section shall, subject to the limitations of subsections (3), (4), (5), (6), (7) and (8) of this section, be entitled to a refund in the amount provided in subsection (1) of this section.

(3) A resident individual who has reached his sixty-fifth birthday before the end of his taxable year and who has claimed the credit available under subsection (1) of this section, in addition to the amount of credit or refund due under subsection (1) of this section, shall be entitled to twenty dollars (\$20.00), which shall be claimed as a credit against any taxes due under the Idaho income tax act. If taxes due are less than the total credit allowed, the individual shall be paid a refund equal to the balance of the unused credit.

(4) Except as provided in subsection (9) of this section, a credit or refund under this section is only available if the individual for whom a personal exemption is claimed is a resident of the state of Idaho.

(5) In no event shall more than one (1) taxpayer be allowed a credit or refund for the same personal exemption, or under more than one (1) subsection of this section.

(6) In the event that a credit or refund is attributable to any individual for whom assistance under the federal food stamp program was received for any month or part of a month during the taxable year for which the credit or refund is claimed, the credit or refund allowed under this section shall be in proportion to the number of months of the year in which no assistance was received.

(7) In the event that a credit or refund is attributable to any individual who has been incarcerated for any month or part of a month during the taxable year for which the credit or refund is claimed, the credit or refund allowed under this section shall be in proportion to the number of months of the year in which the individual was not incarcerated.

(8) No credit or refund shall be paid that is attributable to an individual residing illegally in the United States.

(9) Any part-year resident entitled to a credit under this section shall receive a proportionate credit reflecting the part of the year in which he was domiciled in this state.

(10) Any refund shall be paid to such individual only upon his making application therefor, at such time and in such manner as may be prescribed by the state tax commission. The state tax commission shall prescribe the method by which the refund is to be made to the taxpayer. The refunds autho-

1 rized by this section shall be paid from the state refund fund in the same
2 manner as the refunds authorized by section 63-3067, Idaho Code.

3 (11) An application for any refund that is due and payable under the pro-
4 visions of this section must be filed with the state tax commission within
5 three (3) years of:

6 (a) The due date, including extensions, of the return required under
7 section 63-3030, Idaho Code, if the applicant is required to file a re-
8 turn; or

9 (b) The fifteenth day of April of the year following the year to which
10 the application relates if the applicant is not required to file a re-
11 turn.

12 (12) The state tax commission shall provide income tax payers with the
13 irrevocable option of donating credited funds accruing pursuant to this sec-
14 tion. Any funds so donated shall be remitted from the refund fund to the co-
15 operative welfare fund, created pursuant to section 56-401, Idaho Code, and
16 shall be used solely for the purpose of providing low-income Idahoans with
17 assistance in paying home energy costs.

18 ~~(13) The credit adjustment required by subsection (1) of this section~~
19 ~~shall not take place if a majority of the membership of each house of the leg-~~
20 ~~islature adopts a concurrent resolution requesting that the governor issue~~
21 ~~an executive order directing the state tax commission that the credit al-~~
22 ~~lowed in this section remain unchanged for the tax year in which the request-~~
23 ~~ing legislature is meeting, and if the governor concurs and issues such an~~
24 ~~executive order, the credit shall remain unchanged for that tax year.~~

25 ~~(14) The credit adjustment required by subsection (1) of this section~~
26 ~~for tax years subsequent to tax year 2008 shall not take place if all of the~~
27 ~~following conditions are met:~~

28 ~~(a) The governor has ordered a temporary reduction of general fund~~
29 ~~spending authority, pursuant to section 67-3512A, Idaho Code, between~~
30 ~~July 1 and October 1 of the tax year for which the credit adjustment is to~~
31 ~~take place; and~~

32 ~~(b) The temporary reduction of general fund spending authority is still~~
33 ~~in effect on October 1 of the tax year for which the credit adjustment is~~
34 ~~to take place; and~~

35 ~~(c) The amount of the temporary reduction in general fund spending au-~~
36 ~~thority equals or exceeds one percent (1%) of the moneys that the leg-~~
37 ~~islature has appropriated from the general fund for the fiscal year for~~
38 ~~which the temporary reductions have been ordered; and~~

39 ~~(d) The governor issues an executive order directing the state tax com-~~
40 ~~mission that the credit allowed by subsection (1) of this section remain~~
41 ~~unchanged for the tax year during which the temporary reduction of gen-~~
42 ~~eral fund spending authority has been ordered and the executive order~~
43 ~~issued.~~

44 SECTION 3. That Section 63-3025, Idaho Code, be, and the same is hereby
45 amended to read as follows:

46 63-3025. TAX ON CORPORATE INCOME. (1) For taxable years commencing on
47 and after January 1, 2001, a tax is hereby imposed on the Idaho taxable in-
48 come of a corporation, other than an S corporation, which transacts or is au-
49 thorized to transact business in this state or which has income attributable

1 to this state. The tax shall be equal to seven and ~~four~~three-tenths percent
2 (7.43%) of Idaho taxable income.

3 (2) In the case of an S corporation that is required to file a return un-
4 der section 63-3030, Idaho Code, a tax is hereby imposed at the rate provided
5 in subsection (1) of this section upon both:

6 (a) Net recognized built-in gain attributable to this state. The
7 amount of net recognized built-in gain attributable to this state shall
8 be computed in accordance with section 1374 of the Internal Revenue
9 Code subject to the apportionment and allocation provisions of section
10 63-3027, Idaho Code.

11 (b) Excess net passive income attributable to this state. The amount of
12 excess net passive income attributable to this state shall be computed
13 in accordance with section 1375 of the Internal Revenue Code subject to
14 the apportionment and allocation provisions of section 63-3027, Idaho
15 Code.

16 (3) The tax imposed by subsection (1) or (2) of this section shall not
17 be less than twenty dollars (\$20.00); provided further that the twenty dol-
18 lar (\$20.00) minimum payment shall not be collected from nonproductive min-
19 ing corporations.

20 (4) The tax imposed by this section shall not apply to corporations
21 taxed pursuant to the provisions of section 63-3025A, Idaho Code.

22 SECTION 4. An emergency existing therefor, which emergency is hereby
23 declared to exist, this act shall be in full force and effect on and after its
24 passage and approval, and retroactively to January 1, 2016.